

Message Text

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ACTION EB-08

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R 251100Z AUG 78
FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 3010
INFO AMCONSUL JOHANNESBURG
AMEMBASSY MASERU POUCH
AMEMBASSY MBABANE POUCH
AMEMBASSY PRETORIA

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E.O. 11652: N/A
TAGS: BEXP AFSP BC
SUBJ: COMMERCIAL ACTION PROGRAM FY 79 - BOTSWANA

REF: (A) STATE 174461, (B) 77 GABORONE 2042

1. SECTION I: COMMERCIAL SETTING: FACTORS INHIBITING US
COMMERCIAL ACTIVITY IN BOTSWANA CITED BY EMBASSY IN FY 78
CAP (REF B) CONTINUE SIGNIFICANTLY TO AFFECT THE COMMERCIAL
SETTING. THE ONGOING POLITICAL CRISIS IN SOUTHERN AFRICA
CONTINUES ADVERSELY TO AFFECT CONFIDENCE OF FOREIGN INVESTORS,
AND BOTSWANA'S IMPORT POLICIES REMAIN TIED TO SOUTHERN
AFRICA CUSTOMS UNION.

2. DESPITE THESE IMPORTANT CONSTRAINTS, A FEW AMERICAN
COMPANIES HAVE PROVED THAT IT IS POSSIBLE TO DO BUSINESS
EFFECTIVELY IN BOTSWANA. MOTOROLA HAS SOLD MORE THAN
\$1,000,000 WORTH OF COMMUNICATIONS EQUIPMENT TO THE
BOTSWANA DEFENSE FORCE, BOTSWANA POLICE FORCE, AND A FEW
PRIVATE PURCHASERS. GOB RAILWAY PLANNERS HAVE
NARROWED CHOICE OF SUPPLIER FOR INITIAL PURCHASE OF
8 TO 10 DIESEL ELECTRIC LOCOMOTIVES TO EITHER GENERAL
MOTORS OR GENERAL ELECTRIC. SEVERAL AMERICAN COM-
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PANIES ARE ACTIVELY DISCUSSING WITH GOB PURCHASE OF
SIGNAL EQUIPMENT FOR RAILROAD. FINALLY, THE LEON
TEMPLESMAN COMPANY OF NEW YORK IS ACTIVELY NEGOTIAT-
ING WITH GOB CONCERNING POSSIBLE ESTABLISHMENT OF
DIAMOND CUTTING AND POLISHING FACTORY IN BOTSWANA.

3. THESE VERY PROMISING US COMMERCIAL ACTIVITIES

APPEAR TO HAVE A NUMBER OF COMMON CHARACTERISTICS WHICH TOGETHER MIGHT CONSTITUTE FOLLOWING PRESCRIPTION FOR SUCCESS FOR US BUSINESS IN BOTSWANA:

--A. CONCENTRATE ON HIGH TECHNOLOGY PRODUCTS, SUCH AS LOCOMOTIVES AND ADVANCED COMMUNICATIONS EQUIPMENT WHICH ARE NOT OBTAINABLE FROM INDIGENOUS SOUTH AFRICAN FIRMS.

--B. MAKE COMMITMENT TO SUSTAINED, PERSONAL BUSINESS CONTACTS BETWEEN COMPANY REPRESENTATIVES AND IMPORTANT GOB PURCHASERS. MOTOROLA'S RESIDENT US CITIZEN REPRESENTATIVE HAS GREATLY ENHANCED HIS COMPANY'S SALES AND REPUTATION BY AGGRESSIVE SALESMANSHIP AND EFFECTIVE FOLLOW-UP MAINTENANCE OF MOTOROLA PRODUCTS. BOTH GM AND GE HAVE BEEN WELL REPRESENTED BY US CITIZEN SALES EXECUTIVES WHO HAVE CAREFULLY DEVELOPED CONTACTS WITH GOB RAILROAD OFFICIALS. FOR OBVIOUS POLITICAL REASONS US COMPANIES WHO ARE SERIOUS ABOUT DOING BUSINESS HERE WILL NOT RELY COMPLETELY ON SOUTH AFRICAN CITIZENS TO HANDLE THEIR BUSINESS IN BOTSWANA.

--C. BE ABLE TO DEMONSTRATE BUSINESS EXPERTISE IN BOTSWANA CONTEXT. TEMPLESMAN USES AS ONE OF ITS BEST SELLING POINTS ITS EXPERIENCE WITH DIAMOND CUTTING AND POLISHING FACTORY IN IVORY COAST. MOTOROLA, GM
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AND GE HAVE DEMONSTRATED THAT COMPANY TIES IN SOUTH AFRICA DO NOT NECESSARILY INHIBIT SALES IN BOTSWANA, ALTHOUGH WE BELIEVE THAT GOB WELCOMES NON-SOUTH AFRICAN ASPECTS OF US COMMERCIAL ACTIVITIES.

--D. RECOGNIZE THAT GOB DESIRES QUALITY ABOVE ALL AND IS WILLING TO PAY REASONABLE PRICES FOR IT. ALTHOUGH MANY MOTOROLA BIDS HAVE BEEN HIGHER THAN THOSE OF NON-US COMPETITORS, GOB HAS SELECTED MOTOROLA BECAUSE OF ITS REPUTATION FOR QUALITY AND SERVICE. CONVERSELY, GOB DECISIONS WILL NOT BE INFLUENCED BY NON-ECONOMIC FACTORS, SUCH AS SUPPOSED PERSONAL CONTACTS BETWEEN COMPANY REPS AND GOB POLITICAL FIGURES. IL-LICIT PAYMENTS IN CONNECTION WITH BUSINESS ACTIVITIES ARE NOT PRACTICED HERE, AND ANY ATTEMPT TO RESORT TO SUCH MEASURES WOULD LEAD (AND HAS ON OCCASION) TO EXPULSION OF OFFENDING FIRM OR EVEN CRIMINAL ACTION AGAINST THE BUSINESSMEN INVOLVED.

4. SECTION II: PERSONNEL RESOURCES: PRIMARY RESPONSIBILITY FOR EMBASSY'S COMMERCIAL ACTION PROGRAM RESTS -WITH THE POLITICAL/ECONOMIC OFFICER.

COUNTRY COMMERCIAL ACTION GROUP CONSISTS OF DCM AS
CHAIRPERSON, POL/ECON OFFICER, PAO, AND PART-TIME
COMMERCIAL FSL.

--STATE FUNDED ECONOMIC/COMMERCIAL PERSONNEL:

--POL/ECON OFFICER FSO-5 NAPPER (60 PERCENT
ECON/COMM)

--COMMERCIAL ASSISTANT FSL PHETO (20 PERCENT
COMMERCIAL)

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ACTION EB-08

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INFO AMCONSUL JOHANNESBURG
AEMBASSY MASERU POUCH
AMEMBASSY MBABANE POUCH
AMEMBASSY PRETORIA

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5. SECTION III: REVIEW OF FY 78 COMMERCIAL ACTIVITIES:

--A. 1978 GABORONE TRADE FAIR: FOR THE FIRST TIME
EVER, THE US EMBASSY PAVILION WON A PRIZE IN THE
INTERNATIONAL EXHIBITS COMPETITION. EXHIBIT WAS
NICELY BALANCED BETWEEN UNSOPHISTICATED DISPLAY OF
APPROPRIATE TECHNOLOGY IN USICA "ABUNDANT EARTH"
EXHIBIT AND RELATIVELY HIGH TECHNOLOGY PRODUCTS DIS-
PLAYED BY US COMMERCIAL EXHIBITORS. SEVERAL COM-
MERCIAL EXHIBITORS, SUCH AS ENCYCLOPEDIA BRITANNICA
AND MOTOROLA, MADE DIRECT SALES AT EXHIBIT. HOWEVER,
MOST IMPORTANT FUNCTION OF EXHIBIT WAS TO ALLOW US
FIRMS TO DEMONSTRATE CONCRETE INTEREST AND COMMIT-
MENT TO BOTSWANA MARKET. IN THIS CONNECTION, SHOW
WAS PARTICULARLY IMPORTANT TO GM, GE, AND MOTOROLA
AS THEY SEEK TO NAIL DOWN IMPORTANT CONTRACTS WITH
VARIOUS GOB DEPARTMENTS. GABORONE FAIR ALSO FACILI-
TATED CONTACTS BETWEEN US COMMERCIAL OFFICER IN

MOZAMBIQUE, WHO ATTENDED OUR FAIR AS OBSERVER, AND REPS OF MOTOROLA, GE AND GM. THESE CONTACTS COULD LEAD TO PARTICIPATION BY THESE FIRMS AT MAPUTO FAIR AND ENTRY INTO MOZAMBIQUE MARKET.

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--B. ASSISTANCE TO US FIRMS: THESE FUNCTIONS INVOLVED MEETING AND BRIEFING US BUSINESSMEN, ANSWERING CORRESPONDENCE, ARRANGING MEETINGS WITH APPROPRIATE GOB OFFICIALS, AND PREPARING WTDR AND ADS SUBMISSIONS. ALTHOUGH WORK LOAD REMAINS RELATIVELY LIGHT IN THIS AREA, WE HAVE RECEIVED 3 WTDR REQUESTS AND 2 ADS REQUESTS SINCE MAY (NONE HAD BEEN RECEIVED IN FY 78 BEFORE MAY). IF THESE REQUESTS INDICATE INCREASED US BUSINESS INTEREST IN BOTSWANA, WE WILL NEED TO INCREASE EFFECTIVENESS OF OUR BUSINESS FACILITATION PROGRAM.

--C. PREPARATION OF ECONOMIC TRENDS REPORT AND INVESTMENT CLIMATE UPDATE: THESE BASIC COMMERCIAL DOCUMENTS WERE GIVEN MUCH NEEDED UPDATE IN 1978 SO THAT WE CAN NOW EFFECTIVELY PROVIDE US BUSINESSMEN WITH ESSENTIAL DATA ON BOTSWANA'S ECONOMY. BOTH DOCUMENTS WILL BE REVIEWED AND UPDATED IF NECESSARY IN FY 79, AND WE WILL MAKE AN EXPANDED EFFORT TO PRODUCE MORE ANALYSIS OF BOTSWANA'S ECONOMIC SYSTEM AND PROSPECTS FOR FUTURE.

--D. INCREASED SELF-RELIANCE: IN FY 78 WE BEGAN DEVELOPING TRULY INDEPENDENT COMMERCIAL PROGRAM FOR BOTSWANA RATHER THAN CONTINUE RELYING ON US COMMERCIAL OFFICE IN JOHANNESBURG. IN PARTICULAR, COMMERCIAL PARTICIPATION IN GABORONE TRADE FAIR WAS ORGANIZED ENTIRELY THROUGH DIRECT CONTACT BETWEEN OUR OFFICE AND US FIRMS INSTEAD OF DEPENDING ON JOHANNESBURG. IN VIEW OF WITHDRAWAL OF US COMMERCIAL ATTACHE FROM JOHANNESBURG AND UNCERTAIN FUTURE OF COMMERCIAL ACTIVITIES IN SOUTH AFRICA, OUR PROGRAM OF SELF-RELIANCE WILL HAVE TO BE ACCELERATED IN

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FY 79.

--E. ECON/COMMERCIAL PERSONNEL: IN ORDER TO ACCOMPLISH OUR OBJECTIVES WE NEED MORE OFFICER AND

FSL TIME DEDICATED TO ECON/COMMERCIAL WORK. WITH ASSIGNMENT OF FULL TIME CONSUL TO EMBASSY (BEGINNING AUGUST 79), POL/ECON OFFICER WILL BE RELIEVED OF ALL CONSULAR AND SOME POLITICAL DUTIES, THUS GIVING US MORE OFFICER HOURS ON ECON/COMMERCIAL WORK. WE ARE STILL FACED WITH VERY DIFFICULT PROBLEM OF ASSURING THAT PART TIME COMMERCIAL FSL WILL HAVE AT LEASE 10 HOURS PER WEEK DEDICATED TO COMMERCIAL WORK AND TRAINING (CORRESPONDENCE COURSE). DURING FY 78 WE MADE VERY GOOD USE OF SUMMER INTERN ASSIGNED BY STATE TO EMBASSY IN PEAK WORKLOAD MAY-AUGUST PERIOD. INTERN SPENT MOST OF HER TIME ON COMMERCIAL ACTIVITIES (TRADE FAIR ORGANIZATION, WTDR AND ADS SUBMISSIONS), AND WE WILL DO EVERYTHING POSSIBLE TO INSURE THAT THIS VITAL ASSET WILL AGAIN BE AVAILABLE TO US IN FY 79.

6. SECTION IV: CAMPAIGNS AND OTHER SPECIAL EFFORTS:

--EFFORT NUMBER 1: GABORONE TRADE FAIR 1979

--MANAGER: NAPPER

--RATIONALE: AS MOST IMPORTANT COMMERCIAL EVENT OF YEAR IN BOTSWANA, TRADE FAIR PREPARATIONS REQUIRE SUSTAINED ATTENTIONBBY COMMERCIAL SECTION.

--ACTION 1. DRAFT AFTER ACTION REPORT ON 1978 TRADE FAIR. (SEPT 1, 1978).

--ACTION 2. REQUEST USICA EXHIBIT PARTICIPATION IN 1979 FAIR (OCT 1, 1978).

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--ACTION 3. BEGIN CONTACT WITH POTENTIAL COMMERCIAL EXHIBITORS (JAN 1, 1979).

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AMEMBASSY MASERU POUCH

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AMEMBASSY PRETORIA

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--ACTION 4. BEGIN PHYSICAL PAVILION PREPARATION
(MAY 1, 1979).

--ACTION 5. FAIR OPENS (LATE JULY 1979).

--EFFORT NUMBER 2: ENHANCE INDEPENDENT BUSINESS
FACILITATION CAPABILITY.

--MANAGER: NAPPER

--RATIONALE: WITH UNCERTAIN FUTURE OF COMMERCIAL
ACTIVITIES IN SOUTH AFRICA, WE MUST DEVELOP BETTER
INDEPENDENT CAPABILITY TO ASSIST US BUSINESSMEN
WISHING TO DO BUSINESS IN BOTSWANA.

--ACTION 1. DEVELOP LOCAL BUSINESS AND BANKING CON-
TACTS SO THAT WTDR AND ADS REQUESTS CAN BE COMPLETED
MORE QUICKLY (BEGINNING IMMEDIATELY).

--ACTION 2. DEVELOP EMBASSY COMMERCIAL NEWSLETTER TO
REPLACE AMCONSUL JOHANNESBURG NEWSLETTER NO LONGER RE-
CEIVED HERE (FIRST ISSUE TO BE PRODUCED OCTOBER 1).

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--ACTION 3. REVIEW AND UPDATE AS NECESSARY ECONOMIC
TRENDS AND INVESTMENT CLIMATE REPORTS (MAY 1, 1979).

--ACTION 4. INITIATE SERIES OF BASIC REPORTS ON
BOTSWANA'S ECONOMY AND FUTURE ECONOMIC PROSPECTS
(FIRST REPORT BY OCTOBER 1).

--EFFORT NUMBER 3: DEVELOPING COMMERCIAL RESOURCES.

--RATIONALE: IN ORDER TO DO COMMERCIAL WORK MORE
EFFECTIVELY, WE WILL NEED MORE PERSONNEL, FINANCIAL
AND OTHER RESOURCES.

--ACTION 1. ENSURE THAT COMMERCIAL FSL CAN DEVOTE AT LEAST 10 HOURS PER WEEK TO COMMERCIAL WORK AND TRAINING (SEPT 1, 1979).

--ACTION 2. UPGRADE COMMERCIAL LIBRARY AND, IN COORDINATION WITH PAO, DEVELOP SPACE FOR IT IN NEW USICA REFERENCE LIBRARY FACILITY. IN PARTICULAR NEW UP-TO-DATE REFERENCE BOOKS FOR SIC CODING AND US TELEPHONE DIRECTORIES MUST BE PROCURED (JAN 1, 1979).

--ACTION 3. REQUEST THAT DEPARTMENT AGAIN PROVIDE INTERN FOR PEAK WORKLOAD MAY-AUGUST PERIOD. REPORT SHOULD BE PROVIDED OF INTERN ACTIVITIES IN FY 78 TOGETHER WITH STRONG JUSTIFICATION FOR ASSIGNMENT OF INTERN NEXT YEAR. (AFTER ACTION REPORT ON FY 78 INTERN ACTIVITIES BY SEPT 1; REQUEST FY 79 INTERN WITH JUSTIFICATION BY JAN 15, 1979).

7. SECTION V: FINANCIAL RESOURCES SCHEDULE (STATE UNCLASSIFIED

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FUNDS); IN VIEW OF FACT THAT EMBASSY GABORONE HAS TO DATE HAD NO SPECIFICALLY COMMERCIAL FSO OR FSL POSITIONS, NO STATE FUNDS HAVE BEEN INCLUDED IN POST'S BUDGET FOR FY 77 OR FY 78. RELATIVELY SMALL COMMERCIAL EXPENSES TO DATE HAVE BEEN FINANCED FROM POST'S S&E FUNDS. ALTHOUGH NO STATE COMMERCIAL FUNDS WERE REQUESTED ON FIELD BUDGET SUBMISSION, WE NOW BELIEVE FOLLOWING STATE FUNDS SHOULD BE MADE AVAILABLE FOR FY 79 COMMERCIAL ACTIVITIES:

--FY 79 REQUEST:

--1. COMMERCIAL REPRESENTATION	\$300.00
--2. COMMERCIAL TRAVEL	\$100.00
--3. CONTRACT SERVICES (PRINTING NEWSLETTER)	\$250.00
--4. REF LIBRARY MATERIALS	\$300.00
--5. TOTAL	\$950.00

8. PRIMARY JUSTIFICATION FOR THESE STATE FUNDS IS NECESSITY TO DEVELOP SELF-RELIANT AND EFFECTIVE COMMERCIAL PROGRAM CONSISTENT WITH INCREASING US COMMERCIAL ACTIVITY IN BOTSWANA. IN PARTICULAR, IT WILL BE VERY DIFFICULT TO PROVIDE ADEQUATE FACILITATIVE SERVICES

TO US BUSINESSMEN WITHOUT FUNDS TO UPDATE OUR ANTI-
QUATED COMMERCIAL LIBRARY AND PUBLISH LOCAL
NEWSLETTER TO REPLACE NEWSLETTER PREVIOUSLY RECEIVED
FROM JOHANNESBURG.

9. POST MUST ALSO RECEIVE TRADITIONAL USDOC ALLOCATION
OF \$3500 TO SUPPORT US PAVILION AT FY 79 GABORONE
TRADE FAIR. USDOC CONTRIBUTION WAS ABSOLUTELY ESSEN-
TIAL TO UNUSUALLY SUCCESSFUL 1978 US EXHIBIT AND WAS
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Message Attributes

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